

United States v. Malcolm Smith, et al.
Prepared Remarks for U.S. Attorney Preet Bharara
April 2, 2013

Good morning. My name is Preet Bharara, and I am the United States Attorney for the Southern District of New York.

Today is another sad and disappointing day for every New Yorker who hasn't yet given up on the dream of honest government.

The charges we unseal today demonstrate, once again, that a show-me-the-money culture seems to pervade every level of New York government.

The criminal complaint describes an unappetizing smorgasbord of graft and greed involving six officials who together built a corridor of corruption stretching from Queens and the Bronx to Rockland County and all the way up to Albany itself.

It ensnares Republicans as well as Democrats, elected officials as well as party leaders, and it details corruption in the City, the suburbs, as well as the capital.

At the heart of the allegations is a sitting Democratic senator from Queens – Malcolm Smith, who believed he could and should be the Mayor of New York City and who, in service of that ambition, tried to bribe his way to a shot at Gracie Mansion.

As the complaint describes, Senator Smith drew up the game plan, and Republican Councilman Halloran essentially quarterbacked it by finding party chairmen who were wide open to receiving bribes.

For his efforts, Halloran not only profited handsomely but also harbored dreams of becoming deputy police commissioner in a Malcolm Smith Administration.

According to the complaint, the bribes went to top ranking Republican party county officials in New York City, whose approval was required to let Smith run on the Republican ballot, which is where he believed he had the best shot to reach the pinnacle of city government.

All told, \$80,000 in cash was promised or paid to Bronx Republican party leader Joseph Savino and Queens leader Vincent Tabone.

Meanwhile, in Rockland County, both the Mayor and Deputy Mayor are charged with corruption over a real estate deal that Senator Smith also allegedly agreed to support for corrupt reasons.

Before I get into some of the details, let me introduce and thank our partners in this case. I am joined here today by our partner in this and so many other public corruption cases, the FBI, led by George Venizelos, the Assistant Director-in-Charge of the New York Field Office, and April Brooks, the Special Agent-in-Charge of the Criminal Division.

Also joining me are: Tom Zugibe, the Rockland County District Attorney, and Paul Modica, Spring Valley Police Chief.

Both of their offices provided invaluable assistance. I want to commend and thank the dedicated Special Agents and investigators who worked so hard on this case, including Thomas Holmes, Julie Brown, William McGrogan, and Timothy Lauzon from the FBI, and Martin Ancin, the Rockland Count DA's investigator.

I also want to commend the outstanding work of the career prosecutors from my office who have worked so hard on this matter and have conducted a meticulous and thorough investigation – Assistant United States Attorneys Douglas Bloom and Alvin Bragg, supervised by Brendan McGuire, Steve Ritchin, Miriam Rocah, and Perry Carbone.

Now, let me spend a few minutes describing the specific conduct charged today.

The complaint sets forth three bribery schemes involving cash payments of tens of thousands of dollars to elected officials and party leaders. As alleged, the charged elected officials agreed to direct State, City, and local dollars not for the public interest, but for their own self-interest.

First, as I mentioned, the complaint charges a bribery scheme relating to Malcolm Smith's efforts to run as a Republican for New York City Mayor.

As alleged, Malcolm Smith was bent on becoming Mayor of New York City. He was a Democrat but believed his best shot was to run as a Republican. And that was a problem, because under a statute known as Wilson-Pakula, Senator Smith needed the green light from at least three of the five Republican County Party chairmen in order to qualify for the Republican ballot.

So what did he do? As charged, he decided to bribe his way onto that ballot.

As described, Smith broached the subject of his mayoral ambition with two men he believed were real estate developers and sought their help in influencing the Republican county chairmen. In fact, these two men were working with the government – one was an undercover FBI agent and the other was a cooperating witness.

As alleged, Smith had repeated recorded conversations with these two men – sometimes in a hotel room – about making payments to party leaders so that he could run on the Republican line for Mayor. He allegedly discussed which chairmen were susceptible to bribes, how much to pay them in total, how much to pay up front versus after the deed was done, and how to make sure there was “no trace back” to Smith.

In return, as described, Senator Smith expressly agreed to direct \$500,000 in New York State funding for improvement of a road that would benefit the supposed Real Estate Project the two claimed they were putting together in Spring Valley.

Among other things, the undercover agent and the cooperating witness approached Councilman Daniel Halloran – who was a Republican – on Senator Smith’s behalf to get to those county chairmen. The CW and UC ended up paying over \$20,000 to Councilman Halloran for setting up meetings with Bronx Republican Party Chairman Joseph Savino and Queens Vice Chairman Vincent Tabone.

Finally, this past Valentine’s Day, as described in the complaint, the cash payoffs were made to Savino and Tabone:

- Specifically, the undercover paid Tabone \$25,000 in cash, in a car, and promised another \$25,000 after his committee formally signed a certificate approving Smith to run as a Republican.
- Savino was a little cheaper – the undercover paid Savino \$15,000 in cash, also in a car, and promised another \$15,000 after he formally signed a similar certificate.

Second, separate and apart from this bribery scheme, the complaint outlines the latest scandal involving the corrupt diversion of City Council discretionary funds.

As alleged, Councilman Halloran also accepted bribes in exchange for agreeing to steer some of his so-called member item funds to the undercover agent and the cooperating witness through a company he thought they controlled.

When the cooperating witness asked Halloran for \$20,000 from the council discretionary fund, the councilman responded, “Absolutely, that’s easy, that’s not even an issue, not even an issue... In fact, ... I might even be able to get you more.”

Ultimately, as alleged, Councilman Halloran was true to his word and agreed to direct up to \$80,000 to a company he believed was controlled by the undercover agent and cooperating witness – for no services in return.

In exchange, Halloran allegedly received more than \$18,000 in cash and approximately \$6,500 in campaign contribution checks from straw donors for his unsuccessful congressional campaign.

Third, closing out the loop, the complaint alleges that Noramie Jasmin and Joseph Desmaret – the Mayor and Deputy Mayor of Spring Valley – corruptly approved a sale of property in Spring Valley at the request of the undercover agent and the cooperating witness. Desmaret accepted more than \$10,000 in cash bribes in exchange for his vote in favor of the sale.

In exchange for her vote, Jasmin allegedly demanded to be a secret, part owner in the company that purchased the property from Spring Valley.

That’s the real estate project that Senator Smith believed he was assisting and directing money to.

As recently as March 21st, Senator Smith made it crystal clear that he wanted the deal done – he wanted the county chairmen on board and he wanted to be Mayor of New York: “Let’s close the deal,” Smith said.

Now, the case against these defendants will unfold in federal court, and each is presumed innocent unless and until proven guilty.

But let me make a general point – every New Yorker should be disheartened and dismayed by the sad state of affairs in our great state.

From time to time the question arises: how common is corruption in New York?

Based on the cases we have brought and continue to bring, it seems downright pervasive.

But don’t take my word for it. Consider the words of City Councilman Daniel Halloran, caught on tape in this case:

- After allegedly receiving a \$7,500 cash bribe, he says to the cooperating witness: “Money is what greases the wheels – good, bad, or indifferent.”
- During that same meeting, Halloran says, “That’s politics, that’s politics, it’s all about how much...and that’s our politicians in New York, they’re all like that, all like that. And they get like that because of the drive that the money does for everything else. You can’t do anything without the f***ing money.” And there is an expletive that precedes “money.”

Those words should echo in the ears of every New Yorker who still holds on to the dream of honest government – “that’s our politicians in New York, they’re all like that.”

After statements like this and after the string of public corruption scandals that we continue to expose, many may understandably fear that there is no vote that is not for sale, no office without a price, and no official clean of corruption.

Many may understandably resign themselves to the sad truth that perhaps the most powerful special interest in politics is self-interest.

As I said once before, every time a politician is arrested in New York, it should not feel like a scene from Groundhog Day. And yet it does.

Now, I think that we have the best corruption-fighting team in the business. And we will continue pursuing and punishing every corrupt official we find.

But the public corruption crisis in New York is more than a prosecutor’s problem. Putting dirty politicians in prison may be necessary but it is not sufficient.

And the dream of honest government cannot come to pass unless there is real change in the culture.

Because what can we expect when there continues to be – even after a parade of politicians have been hauled off to prison – a lack of transparency, a lack of self-disclosure, a lack of self-policing, a lack of will, and a failure of leadership? What can we expect when transgressions seem to be tolerated and nothing seems to ever change? New Yorkers should demand more.

Federal prosecutors and federal agents are doing everything we can to proactively attack the corruption problem. And it's time for others to step up also.